

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 5

January 25, 2013

SUMMARY OF BILL: Creates the *Fairness in Ticketing Act*. Requires ticket resellers to register as ticket brokers with the Department of Commerce and Insurance. Requires ticket brokers to either hold an established place of business or operate a resale website and prohibits brokers from selling tickets anywhere but an established place of business or resale website. Requires brokers to post terms detailing a purchaser's right to cancel a purchase at such place of business or website, to disclose the refund policy and, prior to sale, disclose the difference between the face value of a ticket and the purchase price. Requires brokers to refund payments received from any purchaser if an event is cancelled and is not rescheduled. Prohibits ticket brokers from hiring a digger, or person hired to secure tickets by intimidating a prospective purchaser waiting in line to procure tickets. Any broker found having hired a digger has committed an illegal act and can be prosecuted under the *Tennessee Consumer Protection Act*. Brokers are required to include his or her Department-issued registration number on any printed, broadcasted, or internet advertisement.

Requires ticket resale websites to disclose the following information: the face value and exact location to which a ticket grants a right at or in a respective venue, the broker's active registration number if such broker is the operator of the event, whether the ticket for sale is in possession of the reseller or available for delivery and whether such reseller is actively making an offer to procure the ticket. If the ticket is not in the physical possession of the broker, he or she must provide a time at which the ticket is expected to be in hand.

Requires brokers to register with the Department within 180 days of January 1, 2014 or within 30 days of commencing business as a broker, whichever is later. Any violation of the Fairness in Ticketing Act is punishable as a Class B Misdemeanor offense, by fine only. Violations are able to be appealed by written complaint either with the Department's Division of Consumer Affairs or the Office of the Attorney General and Reporter, which holds authority to investigate any complaint. Requires the Department to keep confidential records of all applicants.

Defines the following: affinity group, athletic contest, commissioner, department, digger, entertainment event, face value, initial sale, performance agent, online marketplace, original purchaser, person, place of entertainment, pre-sale, producer, professional club, promoter, public sale tickets, resale, resale website, resell, reseller, sanctioning body, season ticket holder, ticket, ticket broker, ticket issuer.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$52,500/FY13-14 and subsequent years

Increase State Expenditures - \$12,750/FY13-14

\$25,500/FY14-15 and subsequent years

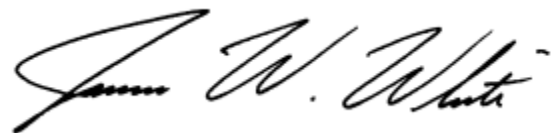
Increase Local Revenue - \$500/FY13-14/Permissive

Assumptions:

- This *Act* will take effect on January 1, 2014.
- According to the Department, there will be approximately 55 individuals who will purchase ticket brokers' licenses.
- An annual ticket broker's license will cost \$950, for annual increase in state revenue of \$52,250 in FY13-14 and subsequent years.
- According to the Department, one administrative position will be required to handle the work created by this new license type.
- In FY13-14, this position will result in an increase in state expenditures of \$12,750 $[(\$16,953 \text{ Salary} + \$5,999 \text{ Insurance} + \$2,548 \text{ Benefits}) / 2]$.
- In FY14-15 and subsequent years, this position will result in an increase in state expenditures of \$25,500 $(\$16,953 \text{ Salary} + \$5,999 \text{ Insurance} + \$2,548 \text{ Benefits})$.
- It is estimated that there will be one Class B misdemeanor offense under the *Fairness in Ticketing Act* per year, resulting in an increase in local revenue of \$500 beginning in FY13-14.
- It is estimated that there will be no instances in which a ticket broker will be prosecuted under the *Tennessee Consumer Protection Act*.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb